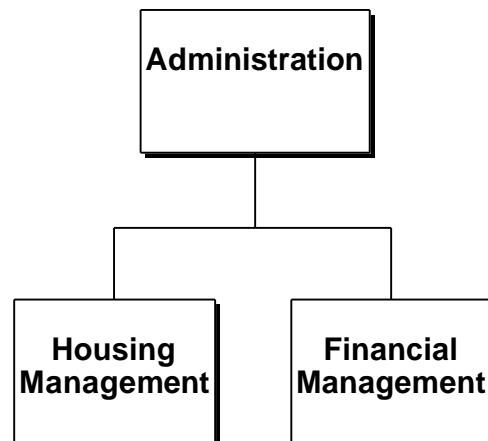


**DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
FUND 966, SECTION 8 ANNUAL CONTRIBUTION**



FUND 966

SECTION 8 ANNUAL CONTRIBUTION

Agency Position Summary

35	Regular Positions	/	35.0	Regular Staff Years
<u>3</u>	Grant Positions	/	<u>3.0</u>	Grant Staff Years
38	Total Positions	/	38.0	Total Staff Years

Position Detail Information

ADMINISTRATION

1	Network/Telecom Analyst III
1	Programmer Analyst II
2	Positions
2.0	Staff Years

FINANCIAL MANAGEMENT

1	Accountant I
1	Position
1.0	Staff Year

HOUSING MANAGEMENT

2	Housing Services Specialists IV 1G
3	Housing Services Specialists III
19	Housing Services Specialists II 2G
1	Human Services Coordinator II
4	Human Services Assistants
1	Administrative Assistant V
1	Administrative Assistant IV
2	Administrative Assistants III
2	Administrative Assistants II
35	Positions
35.0	Staff Years

G Denotes Grant Positions

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

Agency Mission

To ensure that participants in the Federal Section 8 Rental Assistance Program are provided with decent, safe, and affordable private market housing.

Agency Summary					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	35/ 35	35/ 35	35/ 35	35/ 35	35/ 35
Grant	3/ 3	3/ 3	3/ 3	3/ 3	3/ 3
Expenditures:					
Personnel Services	\$2,034,300	\$2,046,504	\$2,046,504	\$2,117,544	\$2,117,544
Operating Expenses	22,222,191	22,008,314	26,914,142	26,834,475	26,834,475
Capital Equipment	0	0	0	0	0
Total Expenditures	\$24,256,491	\$24,054,818	\$28,960,646	\$28,952,019	\$28,952,019

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2003 Advertised Budget Plan, as approved by the Board of Supervisors on April 29, 2002:

- ◆ The Board of Supervisors made no changes to the FY 2003 Advertised Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan from January 1, 2002 through April 22, 2002. Included are all adjustments made as part of the FY 2002 Third Quarter Review:

- ◆ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$202,495 has been reflected as an increase to the FY 2001 expenditures and \$416,677 has been reflected as an increase to the FY 2001 revenues. As a result of these adjustments the FY 2002 beginning balance is increased by \$214,182.

County Executive Proposed FY 2003 Advertised Budget Plan

Purpose

The FY 2003 funding of \$28,952,019 consists of housing assistance payments of \$26,406,422 and administrative expenses of \$2,545,597 to support 3,454 Section 8 project units as part of the Federal Housing Assistance Program for lower income families. As of August 2000, the U.S. Department of Housing and Urban Development (HUD) has authorized 3,095 housing choice vouchers to subsidize Fairfax County residents. Additional Section 8 programs administered by the Fairfax County Redevelopment and Housing Authority (FCRHA) include 359 new construction units.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

Under Fund 966, Section 8, Annual Contribution rental subsidies are provided by HUD to cover the difference between a market-established rent and the rent which is determined to be affordable at a given family's income level. In some cases, the Section 8 subsidies are associated with a particular housing development and in other cases they are transferable with the tenant. Private developers, local housing authorities, and State housing finance agencies all participate in different aspects of this program which include existing housing certificates and vouchers, and new construction projects. In 1999, Section 8 certificates and vouchers were merged into one program called the "Housing Choice Voucher Program", which was completed March 1, 2001. Another program change in FY 2000 resulted in absorbing portability tenants into the FCRHA Voucher or Certificate Program. In FY 2002, it is anticipated that one development with an expiring project contract will convert to vouchers.

The Section 8 program is a Federal Housing Assistance Program for lower income families seeking housing in the private market place. HUD provides funds to pay a portion of the family's rent. In most cases, this subsidy is the difference between 30 percent of the eligible family's income and a HUD-approved Fair Market Rent (FMR) for a housing unit, although FMRs are different for the voucher choice program and the project based components of the program. The rent subsidy payments are made pursuant to a Housing Assistance Payments (HAP) Contract with the owner of the housing. Housing authorities administer the contract for these subsidy funds on behalf of HUD, which involves making the monthly subsidy payments, verifying that those benefiting from the subsidy are eligible, and monitoring compliance with Federal regulations. This is done pursuant to an Annual Contribution Contract between the housing authority and HUD. Prior to FY 1997, fees established by HUD covered expenses associated with administering the HAP contracts; however, in October 1996, Congress approved a change in the fee schedule that reduced the amounts that could be recovered by public housing authorities.

The current income limits for most components¹ of the Section 8 Program as established by HUD, effective as of April 6, 2001, are shown below:

Household Size	Very, Very Low Income	Very Low Income	Lower Income
1	\$17,650	\$29,400	\$36,750
2	\$20,150	\$33,600	\$42,000
3	\$22,700	\$37,800	\$47,250
4	\$25,200	\$42,000	\$52,500
5	\$27,200	\$45,350	\$56,700
6	\$29,250	\$48,700	\$60,900
7	\$31,250	\$52,100	\$65,100
8+	\$33,250	\$55,450	\$69,300

¹ The Bridle Creek (new construction project) has a lower set of limits because it is located in a different geographical location – southeastern Virginia.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

FY 2003 SUMMARY OF PROJECTS	
PROJECTS	NUMBER OF UNITS
Consolidated Vouchers ¹	3,095
Bridle Creek (New Construction) ²	131
Strawbridge Square (New Construction)	127
Island Walk (New Construction)	101
Subtotal Contract P-2509	3,454
Total Fund 966	3,454

¹ Actual number of vouchers issued may be lower than HUD-approved count due to local market conditions.

² The Bridle Creek project is located in Virginia Beach, VA, and is administered by FCRHA.

Fund 966 covers the following components in FY 2003:

- ◆ New Construction - 359 units.

Under the New Construction component of the Section 8 Program, 359 units have been made available for recipients of Section 8 housing assistance payments. FCRHA administers these payments, and the projects are privately owned. This figure includes 131 units in Virginia Beach that may “opt out” of the program in FY 2003.

- ◆ Existing Vouchers - 3,095 issued through the FCRHA.

Under these components of the Section 8 Program, Local or State housing authorities contract with HUD for Section 8 subsidy funds and issue vouchers to eligible households who may lease any appropriately sized, standard quality rental unit from a participating landlord.

The housing authority maintains a waiting list of those seeking a Section 8 voucher or certificate, verifies applicant income eligibility before issuing a certificate or voucher, inspects the unit the family selects to ensure compliance with Section 8 Housing Quality Standards, computes the portion of the rent the family must pay or the maximum subsidy, contracts with the landlord to pay the subsidy, recertifies eligibility annually, and maintains required financial records and reports. The owner of the housing (landlord), not the housing authority, selects those families to whom the landlord will rent, and renews or terminates the family's lease in accordance with the terms of the lease.

The FY 2003 Advertised Budget Plan is based on the maximum funding available in FY 2002 under the Annual Contributions (ACC) contract with HUD for the Choice Voucher Program at the time of budget preparation. This funding level is not sufficient to support the use of all 3,065 vouchers allocated to the FCRHA under this contract because of the high rents and resulting per unit subsidy requirements in the County. Funds available will only permit approximately 94 percent of the available vouchers to be used. Additionally, since administrative fees are only earned on vouchers that are used, anticipated administrative fee revenue falls short of administrative expenses. The FCRHA will apply for a revision of the ACC with HUD during FY 2002 to try to secure additional funding to permit at least 95 percent lease up rate for vouchers in FY 2002 and FY 2003. At this level, administrative revenue and expenses are anticipated to be in balance. If the ACC amendment is not approved, the number of households that can be assisted will be reduced to remain within the available funding and administrative expenses will need to be reduced to match anticipated revenue.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

FY 2003 Initiatives

- ◆ Cover the difference between a market-established rent and the rent which is determined to be affordable at a given family's income level.
- ◆ Monitor the housing unit that the family selects to ensure compliance with Federal regulations.
- ◆ Verify that those benefiting from the subsidy are eligible to receive it.

Funding Adjustments

The following funding adjustments from the FY 2002 Revised Budget Plan are necessary to support the FY 2003 program:

- ◆ An increase of \$71,040 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ A net decrease of \$79,667 in Operating Expenses primarily based on budget adjustment projections approved by the U.S. Department of Housing and Urban Development (HUD) for the FY 2002 Housing Assistance Payments.

The following funding adjustments reflect all approved changes in the FY 2002 Revised Budget Plan since passage of the FY 2002 Adopted Budget Plan. Included are all adjustments made as part of the FY 2001 Carryover Review and all other approved changes through December 31, 2001:

- ◆ As part of the FY 2001 Carryover Review, expenditures were increased \$4,905,828 and revenues were increased \$4,968,722 based on revised HUD budgets.

FUND 966

SECTION 8 ANNUAL CONTRIBUTION

FUND STATEMENT

Fund Type H96, Federal Section 8 Rental Assistance

Fund 966, Section 8 Annual Contribution

	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Beginning Balance	\$39,513	(\$1,266,699)	(\$435,546)	(\$744,003)	(\$190,344)
Revenue:					
Annual Contributions ¹	\$23,939,901	\$23,873,009	\$28,841,731	\$28,861,895	\$28,861,895
Investment Income	116	0	0	0	0
Miscellaneous Revenue	(158,585)	24,640	364,117	24,640	24,640
Total Revenue	\$23,781,432	\$23,897,649	\$29,205,848	\$28,886,535	\$28,886,535
Total Available	\$23,820,945	\$22,630,950	\$28,770,302	\$28,142,532	\$28,696,191
Expenditures:					
Housing Assistance Payments ¹	\$21,653,389	\$21,578,860	\$26,484,688	\$26,406,422	\$26,406,422
Ongoing Administrative Expenses	2,603,102	2,475,958	2,475,958	2,545,597	2,545,597
Total Expenditures	\$24,256,491	\$24,054,818	\$28,960,646	\$28,952,019	\$28,952,019
Total Disbursements	\$24,256,491	\$24,054,818	\$28,960,646	\$28,952,019	\$28,952,019
Ending Balance²	(\$435,546)	(\$1,423,868)	(\$190,344)	(\$809,487)	(\$255,828)

¹ FY 2003 Revised Annual Contributions Budget and Housing Assistance Payments (HAP) are based on approved FY 2002 Certificate and Voucher Budgets and submitted New Construction budgets. In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$202,495 has been reflected as an increase to the FY 2001 expenditures and \$416,677 has been reflected as an increase to the FY 2001 revenues. The audit adjustment has been included in the FY 2001 Comprehensive Annual Financial Report (CAFR).

² The negative ending balance will be addressed as part of a reconciliation of balances of the Section 8 Program in conjunction with a review of the Program's funding stream by the Department of Housing and Community Development.